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C O N F I D E N T I A L SECTION 01 OF 04 NEW DELHI 001922

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TAGS: [PREL](#) [PARM](#) [TSPL](#) [KNNP](#) [ETTC](#) [ENRG](#) [TRGY](#) [IN](#)
SUBJECT: SARAN AND MENON OUTLINE MODEST INDIAN ACTION PLAN
FOR OUTREACH, FULFILLING HYDE ACT OBLIGATIONS

REF: A. NEW DELHI 1895
[1](#)B. NEW DELHI 1906

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

[1](#)1. (C) SUMMARY. The Ambassador discussed on July 10 next steps in the U.S.-India Civilian Nuclear Cooperation Initiative separately with Prime Minister's Special Envoy for the Nuclear Deal Shyam Saran and then Foreign Secretary Shiv Shankar Menon. Saran and Menon previewed planned travel by Indian envoys to Nuclear Suppliers Group (NSG) capitals. Saran and Menon each seemed sanguine about the status of two outstanding issues with the draft Safeguards Agreement and India's nonproliferation obligations described in Section 104 of the Hyde Act and required for a Presidential Determination. Each suggested that India had already fulfilled the vast majority of its obligations and seemed confident that these issues would be "laid to rest" following meetings with Under Secretary Burns in Vienna on July 18 and New Delhi on July 23-6. Menon was disinclined to issue corrections to misleading or flawed media reports. Saran underscored the importance for India of a clean NSG exception, saying it "cannot be something that plunges India back into political crisis." In domestic politics, Menon revealed that the Prime Minister is keen to hold the confidence vote "as soon as possible," possibly on July 17. Rumors of the Congress Party-led United Progressive Alliance (UPA) government's support in the event of a confidence vote dominated local media, with best guesses suggesting that the government has a very slight overall majority; abstentions and absences may also play a role in helping the government prevail. END SUMMARY.

G-8 Summit Gives Bounce to Nuclear Initiative Campaign
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[1](#)2. (C) The Ambassador reviewed next steps on the nuclear initiative on July 10 with Prime Minister's Special Envoy for the Nuclear Deal Shyam Saran and later Foreign Secretary Shiv Shankar Menon, focusing on the requirements for the Presidential Determination and the timeline for IAEA and NSG action. Both Saran and Menon opened by describing how pleased they were with the July 9 meeting between Prime Minister Manmohan Singh and President Bush at the G-8 Summit in Hokkaido, Japan. Saran described the meeting as "absolutely outstanding" and Menon as "incredible." They emphasized that President Bush's expression of confidence in PM Singh's efforts to advance the nuclear initiative made a powerful impression on the Indian delegation.

[1](#)3. (C) Saran reviewed the outcomes of several bilateral meetings with other leaders at the G-8 Summit regarding the

nuclear initiative. Saran said Prime Minister Singh had a good meeting with Canadian PM Harper, reporting PM Harper as saying he understood the importance of the initiative and pledged to "give it the most positive consideration." According to Saran, PM Harper seemed as supportive as he could be "short of saying 'yes we'll do this.'" Saran and Menon each said they suspected President Bush's intervention with the Canadian leader persuaded him not to call for a delay in the IAEA Board meeting from July 28 to August 4, as they had suggested. Saran also reported that Canada was the holdout in placing the proposed positive language about India's nonproliferation efforts in the G-8 Leaders' Statement; Canada's objection led to its inclusion in the Chair's Statement instead. Saran and Menon also both reported that German Chancellor Angela Merkel gave assurances at the G-8 that following the approval of the IAEA safeguards she would schedule the NSG meetings "as soon as possible." Both again credited President Bush's efforts with helping to produce this result.

Indian Government to Dispatch Envoys to NSG Capitals

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14. (C) Menon told the Ambassador that the Indian government is planning to send envoys out to all the Nuclear Suppliers Group (NSG) member states to press the nuclear initiative. Menon would personally go to Austria and Switzerland, remarking acidly, "I got the easy ones." He added, "We have to be seen to be out there supporting this." Saran also mentioned Chile, as the IAEA chair, as well as Australia, New Zealand, and Japan. Saran said that National Security

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Advisor Narayanan would travel to Canada. Menon also revealed that he plans to invite the local Ambassadors of the NSG members to Hyderabad House for a dinner on July 14, and asked for suggestions on how to sell the initiative in the same manner as at the Ambassador's lunch on July 8 (ref A). (Menon said he would do it sooner, but he travels to Kabul on July 11 to speak with rattled Ministry of External Affairs staff there following the recent bombing that killed one of their colleagues.) Menon said he planned to echo the Ambassador's message that the time for lengthy technical discussions is passed and it is now time for a political decision.

Ambassador Presses Safeguards Agreement Concerns

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15. (C) The Ambassador raised two outstanding issues with the draft Safeguards Agreement on the sequencing of the declaration regarding its civil facilities and material to the IAEA prior to a vote by the U.S. Congress, and the concern that language regarding the removal of indigenous materials from safeguarded to un-safeguarded facilities could violate the principle of safeguards in perpetuity (ref B). On the sequencing issue, Saran said he did not see any problems with submitting the already public separation plan to the IAEA as an 'initial declaration,' and he would raise this issue within the Indian government. On the second issue, Saran said he would need to review the specific language of concern in the draft Safeguards Agreement prior to commenting and invited input from legal experts in the U.S. government. Stating that he had checked with GOI legal experts, Menon insisted that under the draft IAEA safeguards agreement, indigenous fuel remains under safeguards even if moved from a safeguarded to a non-safeguarded facility.

Saran & Menon Review Progress On Other Requirements

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16. (C) The Ambassador also pressed Saran and then Menon on the Indian government's plans to make progress on its nonproliferation obligations described in Section 104 of the Hyde Act necessary for a Presidential Determination (reftel), saying the U.S. already has a substantial group working on

these issues and that we would not want to see a "failure in housekeeping" on these technical issues to lead to problems with the U.S. Congress or other NSG members. Saran replied that Secretary of the Department of Atomic Energy (DAE) Dr. Anil Kakodar had already raised the Additional Protocol issue with him and that they decided India would approach the IAEA to convene a meeting at the technical level to start the process toward negotiating an Additional Protocol. He added, "Displaying our participation in such a process should be no problem. In that way we can show some progress, although it will not soon be completed."

17. (C) On the other Presidential Determination requirements, Saran and Menon both indicated that statements previously issued by the Indian government about its intentions to harmonize with NSG and MTCR export controls and other elements of the nonproliferation architecture should suffice to demonstrate India's good intentions. When pressed by PolCouns on unresolved issues of adherence to post-2005 guidelines, Menon said, "We are waiting to hear from the U.S. regarding an appropriate consultative mechanism." On the Fissile Material Cut-off Treaty (FMCT), Saran said, "Apart from saying we're willing to work with you there isn't much more we can do except reiterate our commitment to work with you until those negotiations have begun." Menon added on the FMCT, "Frankly, nothing is happening," but pointed to public statements from the Indian PermRep to participate in efforts when they do.

18. (C) Saran and Menon each recalled discussions with former Under Secretary Nick Burns about bridging the gap between harmonization with the NSG and MTCR guidelines as they were in 2005 with changes since. Saran said they had agreed that "committing to further harmonization without consultations would not be possible here." Menon said, "the problem is not with the specific guidelines but with agency: we cannot agree unless we have a say." Saran and Menon each said a plan would need to be developed for a "consultative process" with the NSG and others to formalize India's position on the post-2005 requirements. Saran noted that India already has

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export control legislation "broader than the NSG and MTCR lists."

19. (C) Menon said he hopes to finalize a Letter of Intent and to address civil nuclear liability concerns in his meetings with Under Secretary Burns July 18 in Vienna and July 23-26 in New Delhi. Both he and Saran indicated that any agreement on the Convention on Supplementary Compensation (liability protection) would require Cabinet approval followed by the enactment of enabling legislation.

Concern About Politics, Need for Clean NSG Exception
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110. (C) Saran cautioned he would "repeat again and again that the NSG exemption must not be something that plunges India back into political crisis," adding "this Prime Minister has been through enough already." The Ambassador reminded Saran that the Indian government has responsibilities to this end as well, and that the best defense against NSG skeptics is to show commitment to nonproliferation by completing the Presidential Determination items. Saran concluded by pledging to "sit down with Shankar (Menon) and review what needs to be done."

111. (C) Menon also cautioned about the importance of domestic politics. He revealed that the Prime Minister is "pumped up" following the G-8 Summit and keen to hold the confidence vote "as soon as possible," saying they are looking at July 17. Referring to the safeguards agreement issue about safeguards in perpetuity he said, "We don't want to get into the interpretation business, which always leads to arguments here." He asserted, "It is clear that India's fuel, once under safeguards will remain safeguarded in perpetuity."

Menon said the GOI did not plan to comment on misleading media reports. Referring to the Arms Control Association's attempt to raise doubts about "corrective measures," he said, "During the negotiations we refused to define 'corrective measures' and it is best to leave it that way. We can't know about unforeseen situations today. If it comes to that, we can sit down and discuss what to do, consistent with perpetual safeguards." Menon concluded that "we need to hear what you need," but that he hoped the meetings with Under Secretary Burns would "lay all these issues to rest."

Government Remains Ahead in Confidence Vote Count

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¶12. (SBU) Local media was dominated by continuing speculation about the pending confidence vote and news of the IAEA safeguards agreement leaked on July 10, which is now available publicly following its internal distribution to IAEA Board members on July 9. Publicly declared support for the UPA government on July 10 stood at 269 votes, three short of the 272 majority necessary. Amid a constant flow of unsubstantiated rumors, two small parties made public statements. The single Lok Sabha member representing the Sikkim Democratic Front officially backed the UPA government in a confidence vote, while the two previously undeclared Asom Gana Parishad MPs stated they would vote against the government. Embassy contacts reported that Jammu and Kashmir National Conference (JKNC) leader Omar Abdullah met with Pranab Mukherjee on July 9 and believed the two JKNC MPs would support the government. Additionally, contacts reported that two of the four Marumalarchi Dravida Munnetra Kazhagam (MDMK) representatives would side with the UPA. Increasing evidence points to the possibility that one of the three Janata Dal Secular (JD-S) MPs could vote against the UPA. These developments, if true, would bring total UPA government support to 273, one vote above a majority assuming all Lok Sabha members show up and vote. The Economic Times reported on July 10 without citing a source that the UPA government claimed the support of 280 MPs.

¶13. (SBU) It is becoming clear that abstentions and absences -- which generally favor the UPA by reducing the required majority and are more likely from BJP partners who support the nuclear initiative -- could play an important role in the confidence vote. Sources reported likely abstentions from Shiromani Akali Dal (8 votes) and the Shiv Sena (12 votes) -- both members of the opposition Bharatiya Janata Party-led National Democratic Alliance (NDA). Credible reports also indicated that the three Telangana Rashtra Samithi MPs may

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abstain. With 23 abstentions, the UPA would only need 261 votes to form a majority. Unsubstantiated rumors also suggest that certain pro-deal BJP MPs may abstain or simply not attend the confidence vote, further decreasing the votes necessary for the UPA government to demonstrate its majority. The government looks likely to win a majority of those present and therefore preserve its mandate, but not necessarily a majority of the total membership. It would be a victory, but not a triumphant one.

MULFORD